Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

PAGE 01 JIDDA 05624 201317Z

45
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
---------- 056757
R 201200Z DEC 73
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 5718
INFO AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY KUWAIT
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI

C O N F I D E N T I A L JIDDA 5624
EXDIS
E.O. 11652: GDS
TAGS: ENRG, SA
SUBJECT: FRENCH CONCLUDE OIL DEAL: SAUDI OFFICIAL
URGES AMERICAN FIRMS TO COME TO SAUDI ARABIA.

1. AMBASSADOR MUHAMMAD JOUKHDAR, PETROLEUM ADVISOR TO THE FOREIGN MINISTRY, TOLD THE AMBASSADOR TODAY THAT FRANCE HAD CONCLUDED A LONG TERM PURCHASING AGREEMENT WITH SAUDI ARABIA. FRANCE WILL GET 200,000 BARRELS/ DAY OF OIL FOR THREE YEARS, WITH OPTIONS FOR MORE AND FOR A LONGER TERM.

2. THE CONTRACT IS BETWEEN THE FRENCH GOVERNMENT OIL COMPANIES AND THE SAUDI MINISTRY OF PETROLEUM.

3. AMBASSADOR JOUKHDAR SAID THAT FRANCE HAD ASKED FOR MUCH MORE; IN FACT IT WANTED ALL OF SAUDI ARABIA'S "PARTICIPATION OIL" FOR THE NEXT FIVE YEARS.

4. AMBASSADOR AKINS SAID HE FOUND 200,000 BARRELS/ DAY EXCESSIVE AND WE WOULD FIND ANY LARGER DEAL WITH FRANCE UNACCEPTABLE. WE WERE NOT GOING TO GO TO THE MAT TO GET A SATISFACTORY POLITICAL SETTLEMENT IN THE MIDDLE EAST AND THEN LET FRANCE (OR ANY OTHER COUNTRY) REAP THE ECONOMIC BENEFITS. FRANCE, BRITAIN, JAPAN AND ALL THE CONFIDENTIAL

PAGE 02 JIDDA 05624 201317Z

OTHER "FRIENDS" OF THE ARABS HAD GIVEN NICE WORDS AND DECLARATIONS BUT NOTHING MORE. KING FAISAL AND THE SAG GENERALLY HAD RECOGNIZED THAT ONLY THE UNITED STATES COULD HELP THE ARABS POLITICALLY AND WE EXPECTED SOMETHING IN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

RETURN -- CERTAINLY WE DID NOT EXPECT FRANCE TO HAVE ANY
PREFERRED POSITION IN THE SAUDI MARKET.

5. AMBASSADOR JOUKHDAR SAID HE AGREED; THAT WAS WHY
HE HAD TOLD THE AMBASSADOR ABOUT THE FRENCH DEAL. HE
URGED AMERICAN COMPANIES TO COME TO SAUDI ARABIA SOON.
THEY SHOULD BE PREPARED TO TALK ABOUT PACKAGE DEALS -- INVEST-
MENTS IN SAUDI ARABIA, JOINT VENTURES IN THE UNITED STATES
AND LONG TERM OIL CONTRACTS. HE SAID HE HOPED THE POL-
ITICAL SITUATION WOULD PERMIT CONCLUSION OF SUCH DEALS
SOON; BUT IN ANY CASE THE COMPANIES SHOULD PLAN SOON TO
COME TO SAUDI ARABIA. IF THE POLITICAL ATMOSPHERE DE-
TERIORATES, THEY WILL HAVE LOST THEIR PLANE FARES AND THEIR
OTHER EXPENSES BUT THE STAKES ARE HIGH. AND IF COMPANIES
MAKE THEIR PROPOSALS NOW THEY CAN MOVE AHEAD ON IMPLEMENTATION
AS SOON AS POLITICAL CIRCUMSTANCES PERMIT.

6. ACTION REQUESTED: THAT STATE DEPARTMENT
ADVISE OIL COMPANIES, PARTICULARLY THE SMALLER ONES, AND
ALL OTHERS WHO HAVE EXPRESSED INTEREST IN SAUDI ARABIA TO
PREPARE THEIR PROPOSALS AND COME TO SAUDI ARABIA
IMMEDIATELY AFTER HAJJ RUSH, I.E. AFTER FEBRUARY 1.
AKINS

NOTE BY OC/T: EXDIS CAPTION ADDED PER MISS ELTZ, S/S, 12/20/73.

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<< END OF DOCUMENT >>

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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TAGS: ENRG, SA, (JOUKHDAR, MUHAMMAD)
To: STATE INFO PARIS
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